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FACT SHEET

1. What is the goal of pay equity legislation?

The purpose of pay equity legislation is to eliminate gender-based pay discrimination in the private and broader public sectors.

2. Why is pay equity legislation necessary?

Work traditionally performed by women has been undervalued.

Until recently, some work was identified as "women's work" and some as "men's work." Even when women do "women's work" that requires more education, more training and more responsibilities than that done by men, in many cases their work is undervalued and underpaid.

This historic undervaluation has contributed greatly to the wage gap — the difference between the average earnings of men and women. In 1984, for example, women working full-time in Ontario earned an average of \$18,234, compared to men's average annual earnings of \$28,385 — a wage gap of approximately 36 per cent. This gap has decreased by only four per cent in the last 17 years.

The wage gap is due to a variety of factors, including education, experience, hours worked and so on. But a significant portion of the wage gap is the result of gender discrimination — the prejudicial treatment of women in the workplace that denies them basic economic rights, simply because they are women.

3. What specific problem does pay equity legislation address?

The pay equity legislation is aimed specifically at that portion of the wage gap that is due to gender discrimination. It will not, however, address more general issues of wage levels.

Female-dominated jobs will be compared to male-dominated jobs in the same establishment. When the jobs are comparable in value but are paid differently, wages in the female-dominated group will be increased.

4. What is the role of the Pay Equity Commission?

The commission will administer and monitor the implementation of the pay equity legislation. This agency will provide educational and consultative services for employers, unions and employees. Information offered by the commission will be tailored to the needs of specific target groups.

If there are legitimate complaints from employees, review officers will investigate them. A settlement that is unsatisfactory to either the employee or the employer can be appealed and the commission will hold a hearing on the matter. The commission may order compliance and, if necessary, a court may impose fines.

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5. Who will benefit from this legislation?

There are legislated requirements affecting 85 per cent of Ontario's working women. The pay equity legislation will cover full-time and permanent part-time employees in predominantly female jobs in the private sector and the broader public sector — hospitals, municipalities, school boards and universities. It will not cover casual employees or students working during vacation periods. There are no legislated requirements for firms with fewer than 10 employees.

Women in the lowest paid job classes will receive wage adjustments at a faster rate, in recognition of their greater economic needs.

In addition, it is expected that many individuals will benefit indirectly as the legislation influences labour market behaviour and causes market rates for underpaid female-dominated job groups to increase.

6. What is meant by establishment?

An establishment is defined in the legislation as a corporate entity within a specific geographical region. Job comparisons will take place within each establishment, not between establishments.

A company with a warehouse in Ottawa and office headquarters in another area of the city, for example, will be considered one establishment. If the same employer has a warehouse in Peterborough, however, it will not be necessary to compare the jobs in Peterborough with those in Ottawa.

The definition of establishment can be expanded by the employer or, in a unionized setting, by the employer and bargaining agent.

7. How are female-dominated and male-dominated jobs defined?

A predominantly female occupation is generally one in which at least 60 per cent of the positions are held by women. A predominantly male occupation is generally one in which at least 70 per cent of the positions are held by men. When pay adjustments are necessary, the adjustments will be made to at least the level of pay of the lowest paid male-dominated group of comparable value.

8. How will jobs be compared?

Job comparisons, first and foremost, should be free of gender discrimination. They should rely on four criteria: skill, effort, responsibility and working conditions.

Employers can use their own methods to compare male-dominated and female-dominated jobs. In small businesses, for example, a variety of job comparison techniques are available that are simple and inexpensive and do not require outside consultants.

The Pay Equity Commission will offer educational materials and guidance, if necessary.

9. **What if no male-dominated group exists for comparison purposes?**

For unionized female-dominated groups, job comparisons should be made within the bargaining unit first. If no male-dominated comparison group is available, any male-dominated group of comparable value within the establishment can be used for comparison instead.

For non-unionized, female-dominated groups, job comparisons should be made first among non-unionized employees. If there is no male-dominated job class, comparisons, once again, can be made within the entire establishment.

If no male comparison group exists within the establishment, no action can be taken under this legislation. The Pay Equity Commission, however, will be reviewing this aspect of current policy.

10. **Will there be acceptable reasons for wage differences?**

Certain differences in pay for jobs of comparable value will be allowed but employers must be prepared to justify such differences. These differences may result from seniority, temporary training assignments, merit pay, red-circling and skills shortages. These exceptions must apply to men and women equally.

11. **What steps should an employer take in the broader public sector or large private sector to ensure pay equity?**

These employers must first review workers' jobs and salaries to identify any pay inequities. A pay equity plan must be developed to make any necessary wage adjustments in the broader public sector and in private sector firms with 100 employees or more.

The plan must then be posted for employees and if no concerns are raised, the pay equity plan is considered approved. It will not be necessary to file the plan with the government.

In a unionized workplace, the bargaining agents will negotiate the pay equity plan with the employer and, if both parties agree, the plan will be considered approved with no need to file it with the government.

The Pay Equity Commission is available to resolve an employer/employee disagreement in the planning stage and at the wage adjustment stage.

The wage adjustment stage is the final step in the employer's pay equity program.

12. **What steps should an employer take in the small private sector to ensure pay equity?**

These employers must review workers' jobs and salaries to identify any pay inequities. A pay equity plan is not mandatory for employers with fewer than 100 employees. Such plans are advisable, however, in order for employers to prepare for the necessary wage adjustments that will form the final stage of their pay equity program.

Smaller businesses frequently rely on informal job comparisons and wage practices. This lack of formality does not imply that such employers will be unable to meet the requirements of the legislation. An employer who can justify a firm's informal methods and show that they are free of gender discrimination will not be forced to establish a formal system of job comparisons and salary practices.

13. **How does pay equity work in a unionized setting?**

Pay equity implementation will be integrated into the collective bargaining process. Unions will negotiate pay equity plans with the employer.

Within the parameters defined in the legislation, there will be some points that employers and their unions can negotiate. These may include methods of comparing jobs; whether a job is male or female dominated; and the rate at which wage adjustments can be paid out.

14. **When will wage adjustments begin?**

The broader public sector must start wage adjustments two years after the bill is proclaimed.

Large private sector firms (500 employees and over) must start wage adjustments three years after the bill is proclaimed. Forty-nine per cent of women in the private sector work for employers in this category.

Private sector firms with 100 to 499 employees must start wage adjustments four years after the bill is proclaimed.

Private sector companies with 50 to 99 employees must start wage adjustments five years after the bill is proclaimed.

Private sector companies with 10 to 49 employees are to start wage adjustments six years after the bill is proclaimed.

Wage adjustments will be retroactive to dates no earlier than those specified in the legislation. Under no circumstances will wage adjustments be made to a date prior to the passage of legislation.

Wage adjustments are to include all forms of compensation — salaries, wages, benefits and perquisites.

15. **Is there a limit on annual wage adjustments?**

Employers will not be obliged to pay out more than one per cent per year of the previous year's payroll in order to make wage adjustments. Employees in the lowest paid job classes will receive their pay equity wage adjustments at a faster rate than other employees, but this will not affect the one per cent ceiling on payments.

16. **Can an employee's wages be lowered in order to achieve pay equity?**

No, employees' wages cannot be reduced for this purpose.

17. **What if an employee has a complaint about a company's implementation of pay equity?**

Employees with reasonable grounds for concerns or complaints may approach their employers (or unions, where applicable) or the Pay Equity Commission. The commission will investigate the complaint and work with the employer and employee to resolve it.

18. **What protection do employees have if they decide to lodge pay equity complaints?**

Employees cannot be penalized for lodging a complaint. They cannot lose their jobs or suffer reprisals from their employers, other employees or their bargaining agents.

Employees who seek the assistance of the Pay Equity Commission can keep their identities confidential from their employers. They can also be represented at the commission hearings by another party.

19. **What protection do employers have against inappropriate pay equity complaints?**

Employers who prepare a plan will have more certainty that there will be fewer complaints and that the implementation of pay equity will be smoother.

In a unionized setting, the pay equity plan will be developed by the employers and bargaining agents, minimizing the possibility of complaints.

In a non-unionized setting, posting of the plan will provide employees with the necessary information to allow them to contribute to the plan's refinement. This will reduce the potential of many individual complaints at a later date.

Employee complaints are to be made only when a plan is not being implemented; when changing circumstances in a firm make aspects of the plan unsuitable; or when there are other contraventions of the legislation. These conditions will also reduce the number of inappropriate employee complaints.

The Pay Equity Commission will exercise its judgement in investigating employee complaints. Its staff will be able to dismiss any complaints that are considered to be without foundation. As a further safeguard, the commission can provide advice to employers when needed.

20. **What change of circumstances in a firm might require modifications to an employer's pay equity plan?**

Examples of such changes are: advances in technology that result in the creation of new job classes; or mergers or acquisitions that change the nature of the establishment.



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21. Do women who have already received wage adjustments have a right to complain, if the male group to which they were originally compared starts to be paid more?

Yes. In this type of situation, an employer would have to justify such wage increases on the basis of the acceptable reasons for wage differences outlined in the legislation.

Differences in bargaining strengths would be one such acceptable reason.

22. How can employers and employees find out more about pay equity?

This fact sheet is a brief outline of the pay equity legislation. For more details, consult the legislation itself. When the Pay Equity Commission is established, it will offer information on the pay equity policy. Copies of the bill and further information are available from:

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